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# The Ontario Jockey Club

Annual Report for the Year Ended December 31, 1980







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## Annual Report of the Board of Trustees

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The Trustees of The Ontario Jockey Club present herewith the Corporation's consolidated financial statements and report of the auditors for the year ended December 31, 1980.

### Results of Operations

The Corporation's income, expenses and contribution to purses in 1980 increased over the previous year by 10.4%, 8% and 12.6%, respectively. Income after expenses but before purses amounted to \$27.7 million, of which \$24.5 million was paid in purses to horse owners, leaving income for the year of \$3.2 million. This income, plus expenses not involving an outlay of cash, provided \$5.4 million of the \$7.4 million required by the Corporation to pay for capital expenditures and for repayment of long-term debt.

Average daily attendance at the Corporation's thoroughbred and harness race meetings increased by 2.2% and 6.1%, respectively. Average daily wagering increases at thoroughbred and harness race meetings were 9.8% and 14%, respectively. The Trustees are encouraged by these results.

### Night Thoroughbred Racing

During November 1980 night thoroughbred racing was conducted twice-weekly at Greenwood and was well received by both patrons and horsemen. Average attendance increased by approximately 4,000, or 60%, on Wednesdays and Thursdays when night racing was held compared with attendance at the corresponding afternoon programs in 1979. In 1981, thoroughbred night racing on Wednesdays and Thursdays

is part of the Greenwood schedule for the Spring and Autumn meetings.

### Provincial "Self-Help" Program

Additional purse monies of \$4.0 million were distributed at the Corporation's race tracks in 1980 as part of the Ontario Government's race tracks tax-sharing arrangement. This arrangement returns to the industry part of the Government's tax on pari-mutuel wagering. The Corporation distributed \$3.4 million of these purse monies on behalf of the Provincial Government and the balance was distributed through the Ontario Racing Commission directly to the owners of harness horses participating in the Ontario Sire Stakes Series. The Province received a total of \$54.5 million from pari-mutuel wagering in 1980, of which \$35.9 million originated at the Corporation's race tracks.

In February 1981 the Ontario Government announced an increase in the amount to be returned to the industry under the tax-sharing arrangement. This measure will provide much needed financial assistance to horse owners who, as a group, are faced with substantial operating losses.

### Federal Initiatives

In November 1980 the Minister of Agriculture of Canada announced a "new betting policy to stimulate the Canadian horse racing industry". Intended to be "implemented in stages during 1981", this policy includes telephone account betting and inter-track betting. The Corporation, together with other racing associations, has participated in the consultative process with Agriculture Canada regarding implementation of the new policy.



The Trustees are encouraged by the Minister's commitment to make available to the racing industry new economic and marketing tools and it is hoped that implementation of the new policy will proceed without delay.

### Prices

In March 1981, for the first time in five years, Grandstand and Clubhouse admission prices were increased by 50¢.

### Depreciation

Over the last few years the Trustees have determined that certain assets were being depreciated at rates which do not reflect accurately their estimated useful lives. Accordingly, starting in 1980, all buildings are now depreciated on the basis of a useful life of 33 years, compared to earlier rates based on either 40 or 50 years. Surface assets, such as racing surfaces, roads and parking lots, are now depreciated on the basis of a useful life of 25 years instead of 50 years.

### Racing Dates

Agriculture Canada and the Ontario Racing Commission have approved 1981 racing dates in a pattern similar to 1980 as follows:

| <i>Thoroughbred racing:</i> | <u>1981</u> | <u>1980</u> |
|-----------------------------|-------------|-------------|
| Woodbine- - - - -           | 112         | 113         |
| Greenwood - - - - -         | 66          | 65          |
| Fort Erie - - - - -         | 60          | 54          |
|                             | <u>238</u>  | <u>232</u>  |
| <br><i>Harness racing:</i>  |             |             |
| Greenwood - - - - -         | 149         | 145         |
| Mohawk - - - - -            | 119         | 123         |
|                             | <u>268</u>  | <u>268</u>  |

### Capital Expenditures

In the 1979 Annual Report it was stated that 1980 capital expenditures at Greenwood included the second phase of renovations to the Grandstand and Clubhouse and the reconstruction of the thoroughbred racing surface. For various reasons it was considered necessary to defer Grandstand and Clubhouse renovations to 1981. With respect to the thoroughbred racing surface, it was decided that further engineering studies were required, in order to determine the most appropriate and economic method of its reconstruction.

Capital expenditures approved for 1981, together with those approved for 1980 and deferred until 1981, total \$4.5 million. Major expenditures include \$1.7 million for the second and third phases of improvements to facilities for patrons at Greenwood and \$748,000 for backstretch facilities at all tracks.

### Trustees

It is with deep regret that we record the death on November 17, 1980 of Conn Smythe, who gave so many years of valuable service on our Board and to the community at large.

On behalf of the Board of Trustees,  
CHARLES BAKER, *Chairman*.

Toronto, March 25, 1981

# The Ontario Jockey Club

(a corporation without share capital incorporated under the laws of Ontario)

AND ITS SUBSIDIARY COMPANIES

## Consolidated Statement of Income

FOR THE YEAR ENDED DECEMBER 31, 1980

(with comparative figures for the year ended December 31, 1979)

|  | 1980                    | 1979            |
|--|-------------------------|-----------------|
|  | in thousands of dollars |                 |
| Income:  |                         |                 |
| Commission on pari-mutuel wagering . . . . .                   | \$51,312                | \$46,378        |
| Food and beverage . . . . .                                    | 9,677                   | 8,581           |
| Admissions . . . . .   | 8,283                   | 7,811           |
| Programs, parking and other . . . . .                          | 4,877                   | 4,403           |
|  | <u>74,149</u>           | <u>67,173</u>   |
| Expenses:  |                         |                 |
| Salaries and wages. . . . .                                    | 19,460                  | 17,585          |
| Other direct operating expenses—                               |                         |                 |
| Pari-mutuel . . . . .  | 3,490                   | 3,208           |
| Food and beverage . . . . .                                    | 4,123                   | 3,613           |
| Admissions, programs, parking and other . . . . .              | 3,830                   | 3,983           |
| Maintenance expenses . . . . .                                 | 3,872                   | 3,485           |
| Property taxes . . . . .                                       | 3,341                   | 3,230           |
| Depreciation (note 2) . . . . .                                | 2,036                   | 1,348           |
| Administrative expenses . . . . .                              | 1,246                   | 1,048           |
| Interest on long-term debt . . . . .                           | 5,013                   | 5,454           |
|  | <u>46,411</u>           | <u>42,954</u>   |
| Income before purses . . . . .                                 | 27,738                  | 24,219          |
| Purses (note 3) . . . . .                                      | 24,572                  | 21,830          |
| Income for the year . . . . .                                  | <u>\$ 3,166</u>         | <u>\$ 2,389</u> |
| Taxes on wagering collected for taxation authorities . . . . . | <u>\$38,582</u>         | <u>\$34,913</u> |

(See accompanying notes)

## Consolidated Statement of Surplus

FOR THE YEAR ENDED DECEMBER 31, 1980

(with comparative figures for the year ended December 31, 1979)

|  | 1980                    | 1979                  |
|--|-------------------------|-----------------------|
|  | in thousands of dollars |                       |
| Surplus, beginning of the year . . . . . | <b>\$6,477</b>          | \$4,088               |
| Income for the year . . . . .            | <b>3,166</b>            | 2,389                 |
| Surplus, end of the year . . . . .       | <b><u>\$9,643</u></b>   | <b><u>\$6,477</u></b> |

(See accompanying notes)

## Auditors' Report

To the Members of The Ontario Jockey Club:

We have examined the consolidated balance sheet of The Ontario Jockey Club as at December 31, 1980 and the consolidated statements of income, surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
March 5, 1981.

*Clarkson Gordon*  
Chartered Accountants



## Consolidated Balance Sheet

AT DECEMBER 31, 1980

(with comparative figures at December 31, 1979)

|   | 1980                    | 1979            |
|---|-------------------------|-----------------|
|   | in thousands of dollars |                 |
| <b>Assets</b>   |                         |                 |
| Fixed assets, at cost less                              |                         |                 |
| accumulated depreciation (note 2). . . . .              | \$66,511                | \$65,781        |
| Other assets:   |                         |                 |
| Cash . . . . .  | 619                     | 748             |
| Accounts receivable . . . . .                           | 200                     | 218             |
| Prepaid expenses (note 4) . . . . .                     | 1,522                   | 1,075           |
|   | <u>2,341</u>            | <u>2,041</u>    |
|   | <u>\$68,852</u>         | <u>\$67,822</u> |
| <b>Liabilities</b>                                      |                         |                 |
| Long-term debt (notes 5 and 6). . . . .                 | \$47,450                | \$52,031        |
| Other liabilities:                                      |                         |                 |
| Current bank indebtedness . . . . .                     | 4,348                   | 2,445           |
| Accounts payable and accrued charges (note 7) . . . . . | 5,359                   | 4,790           |
| Accrued bond and debenture interest. . . . .            | 2,052                   | 2,079           |
|   | <u>11,759</u>           | <u>9,314</u>    |
| Surplus . . . . .                                       | 9,643                   | 6,477           |
|   | <u>\$68,852</u>         | <u>\$67,822</u> |

Approved on behalf of the Trustees:

Charles Baker, *Trustee*

John H. Kenney, *Trustee*

(See accompanying notes)

## Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1980

(with comparative figures for the year ended December 31, 1979)

|  | 1980                    | 1979           |
|--|-------------------------|----------------|
|  | in thousands of dollars |                |
| Cash provided:   |                         |                |
| From operations—   |                         |                |
| Income for the year . . . . .                                    | \$3,166                 | \$2,389        |
| Add items not involving an outlay of cash:                       |                         |                |
| Depreciation . . . . .   | 2,036                   | 1,348          |
| Amortization of totalisator costs . . . . .                      | 206                     | 193            |
| Amortization of bond discount . . . . .                          | 20                      | 22             |
| Cash from operations . . . . .                                   | 5,428                   | 3,952          |
| Increase in accounts payable and other accrued charges . . . . . | 542                     | 389            |
| Total cash provided . . . . .                                    | 5,970                   | 4,341          |
| Cash expended:   |                         |                |
| Purchase of fixed assets . . . . .                               | 2,766                   | 2,413          |
| Repayment of long-term debt . . . . .                            | 4,601                   | 2,753          |
| Increase in accounts receivable and prepaid expenses . . . . .   | 635                     | 79             |
| Total cash expended . . . . .                                    | 8,002                   | 5,245          |
| Decrease in cash during the year . . . . .                       | 2,032                   | 904            |
| Net bank indebtedness, beginning of the year . . . . .           | 1,697                   | 793            |
| Net bank indebtedness, end of the year . . . . .                 | <u>\$3,729</u>          | <u>\$1,697</u> |
| Represented by:  |                         |                |
| Current bank indebtedness . . . . .                              | \$4,348                 | \$2,445        |
| Less cash . . . . .  | 619                     | 748            |
|  | <u>\$3,729</u>          | <u>\$1,697</u> |

(See accompanying notes)



## Notes to the Consolidated Financial Statements

### 1. Accounting principles

The Ontario Jockey Club, a Corporation without share capital, operates as a non-profit organization and follows generally accepted accounting principles. The accounts of all subsidiary companies are consolidated with those of the Corporation. Fixed asset additions are capitalized on the books of the Corporation and depreciated over their estimated useful lives on the straight-line method as shown in note 2.

### 2. Fixed assets

A summary of the Corporation's fixed assets, together with accumulated depreciation and the annual rates of depreciation written on a straight-line basis, is set out below:

|   | 1980                    |                             |                 | 1979<br>Net     | Rates of<br>depreciation |
|---|-------------------------|-----------------------------|-----------------|-----------------|--------------------------|
|   | Cost                    | Accumulated<br>depreciation | Net             |                 |                          |
|   | in thousands of dollars |                             |                 |                 |                          |
| Land and land improvements . . . . .          | \$26,013                |                             | \$26,013        | \$26,012        |                          |
| Buildings . . . . .                           | 34,611                  | \$ 5,548                    | 29,063          | 28,897          | 3%                       |
| Racetracks, roads, parking lots, etc. . . . . | 9,498                   | 1,427                       | 8,071           | 8,178           | 4%                       |
| Equipment and furnishings . . . . .           | 6,544                   | 3,180                       | 3,364           | 2,694           | 10%—20%                  |
|   | <u>\$76,666</u>         | <u>\$10,155</u>             | <u>\$66,511</u> | <u>\$65,781</u> |                          |

During 1980, the estimated useful lives of buildings, racetracks, parking lots and roads were reviewed. As a result, the rates of depreciation were increased from 2% and 2½% to 3% for buildings and from 2% to 4% for racetracks, parking lots and roads. The increase in depreciation in 1980, resulting from these changes, amounted to \$583,000.

### 3. Purses

Grants distributed to owners of horses on behalf of the Provincial Government, totalling \$3,421,000 in 1980, have not been included in the accompanying financial statements.

### 4. Prepaid expenses

Prepaid expenses include \$343,000 relating to the unamortized portion of installation and development costs of the totalisator system. This balance will be written off over the next 20 months.

Also included is a purse overpayment of \$598,000 which shall be deducted from the amount of purses to be distributed in respect of races in 1981.

### 5. Long-term debt

Long-term debt consists of:

|  | 1980                    | 1979            |
|--|-------------------------|-----------------|
|  | in thousands of dollars |                 |
| First mortgage sinking fund bonds—   |                         |                 |
| 7% Series C, due November 15, 1980 . . . . .   |                         | \$ 900          |
| 6¾% Series D, due May 1, 1982 . . . . .  | \$ 995                  | 1,136           |
| 6¾% Series E, due November 15, 1983 . . . . .  | 1,140                   | 1,260           |
| 9¼% Series F, due July 15, 1988 . . . . .  | 4,300                   | 4,500           |
| 11½% Series G, due December 1, 1989 . . . . .  | 5,040                   | 5,280           |
|  | <u>11,475</u>           | <u>13,076</u>   |
| Less unamortized discount . . . . .  | 48                      | 68              |
|  | <u>11,427</u>           | <u>13,008</u>   |
| Term bank loan with interest at a rate of ½% above<br>the prime bank rate, due June 30, 1980 . . . . . |                         | 3,000           |
| 10% Secured Debentures, due January 1, 1992 . . . . .  | 36,023                  | 36,023          |
|  | <u>\$47,450</u>         | <u>\$52,031</u> |

The first mortgage sinking fund bonds are secured by a first, fixed and specific mortgage on the fixed assets and a first floating charge on the remaining assets. The 10% Secured Debentures are secured by a second mortgage on the fixed assets and a second floating charge on the remaining assets of the Corporation.

Loan repayments during the next five years on long-term debt are as follows:

|   | in thousands of dollars |
|---|-------------------------|
| Year ending December 31, 1981 . . . . . | \$ 675                  |
| Year ending December 31, 1982 . . . . . | 1,500                   |
| Year ending December 31, 1983 . . . . . | 1,380                   |
| Year ending December 31, 1984 . . . . . | 480                     |
| Year ending December 31, 1985 . . . . . | 480                     |

**6. Debenture restrictions**

The deed of trust and mortgage and indentures supplemental thereto securing the Corporation's first mortgage bonds and the deed of trust and mortgage under which the 10% Secured Debentures were issued contain a condition related to earnings as to the purchase for cancellation or redemption of, or payment of interest on, the Corporation's 10% Secured Debentures. At January 1, 1981 the amount available for such payments under the condition related to earnings was approximately \$12,357,000.

**7. Accounts payable**

Included in accounts payable is the amount of \$928,000 relating to an agreement for the sale of certain land at Woodbine Race Track. Part of this amount is refundable if the transaction is not completed for certain reasons, including the failure to obtain satisfactory rezoning.

**8. Garden City Raceway**

Racing has not been conducted at Garden City Raceway since 1977. The Board of Trustees has approved in principle the sale of this property and does not anticipate that any loss will result from its disposition.

**9. Remuneration of management**

Trustees, as such, received no remuneration for their services. The aggregate direct remuneration paid or payable by the Corporation to its senior officers for the year was \$506,000.



# The Ontario Jockey Club

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FRASER & BEATTY  
Toronto

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CLARKSON GORDON  
Toronto

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NATIONAL TRUST COMPANY, LIMITED  
Toronto, Montreal, Winnipeg, Edmonton,  
Calgary and Vancouver

## Trustee for 10% Secured Debentures

MONTREAL TRUST COMPANY  
Toronto, Montreal, Winnipeg, Regina,  
Calgary and Vancouver

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